

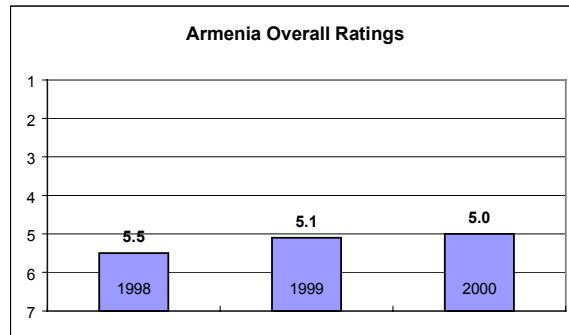
ARMENIA

Capital: Yerevan
GDP per capita: \$472
Population: 3,800,000

Inflation: 10%
Unemployment: 9.3%
Foreign Direct Investment: \$150,000,000

OVERALL RATING: 5.0

There are over 2,000 registered NGOs in Armenia, approximately half of which are active. Although a number of NGOs have made some progress over the past year in areas such as financial viability, advocacy, and service provision, overall the sector has not changed significantly. The poor economic situation hampers NGOs' ability to become financial viable or pay for services necessary to sustain themselves. NGOs still rely almost exclusively on the international community for financial support, although several NGOs have launched revenue-raising programs as a way to generate extra income. Most NGOs are relatively small organizations that receive no support from a larger constituency, although there are examples of NGOs reaching out to broad segments of the population to achieve short-term goals. While NGO activities have increased in visibility throughout the country, the government still does not utilize them to carry out public services. There have been instances when NGOs have successfully lobbied for provisions in draft legislation or made government officials aware of problems, but these remain isolated events.



LEGAL ENVIRONMENT: 4.0

Although NGOs can register freely with the Ministry of Justice, they often face bureaucratic hurdles that make the registration process take several months. All NGOs must register in Yerevan, which poses additional burdens for NGOs located in the regions. The Civil Code, enacted in January 1999, clarifies the classifications of NGOs and the procedures for registering. However, all NGOs must re-register by January 2001 in order to have their legal status comply with the Civil Code. This re-registration period was to originally end in January 2000, but was extended for one year to

allow ample time for NGOs to re-register. The re-registration process is unclear for many NGOs.

The current NGO law allows the Ministry of Justice to attend NGO meetings, however, there is no evidence that the Ministry is using this as a way to control NGO activities. The law exempts all grants from taxation, but individuals who donate to NGOs receive no exemptions. The law is unclear about whether or not NGOs that earn income are required to pay taxes on that income. NGOs with funding from international organizations

ARMENIA

that are exempt from paying Value Added Tax (VAT), face bureaucratic hurdles with the Humanitarian Assistance Coordination Committee when

trying to get the VAT waived. One local NGO, the Young Lawyers' Union, provides legal advice, including assistance for registration, to local NGOs for a fee.

ORGANIZATIONAL CAPACITY: 5.0

The most advanced NGOs work actively with their members and constituents in order to tailor programs to meet constituents' needs. However, most NGOs have overly broad mission statements and pursue grants in a variety of areas. This weakens their ability to develop programs responsive to constituents.

Few NGOs make a clear distinction between the Board of Directors and the staff; furthermore, most NGOs do not have paid permanent staff. Managers

receive salaries when they have grants, and work as volunteers when there is no grant funding. Some NGOs are able to recruit volunteers for specific programs, but there is generally no core of volunteers continually available to support NGO activities.

Many organizations have basic office equipment such as computers and fax machines, but this equipment is usually obtained through grants from donors.

FINANCIAL VIABILITY: 6.0

Both the poor economy and the lack of legal incentives for philanthropic donations have greatly hampered the ability of NGOs to generate financial support from local sources. NGOs have developed good proposal writing skills that enable them to get funding from multiple international donors. Few receive funding from other sources, such as revenue-generating activities.

NGOs have improved their financial management skills in order to both re-

spond to donor requirements and to comply with Armenian law. Some NGOs, such as business associations, are able to collect membership dues, but these NGOs tend to have relatively wealthy members. Some NGOs also generate revenue by renting out conference space or by producing and selling goods, but the majority does not engage in such activities. The government and business communities rarely contract with local NGOs to provide services.

ADVOCACY: 5.0

Many NGOs have good contacts with government at both the national and local levels. However, their ability to advocate for change is limited because government officials either do not understand or do not believe in the benefits of working with NGOs. Some issue-based coalitions have formed around particular topics such as human rights, but they have focused primarily on drawing public attention to the issue at hand, rather than staging a long-term

advocacy campaign to influence policy change. NGOs freely engage in the political process, including monitoring elections and conducting voter education campaigns.

NGOs are becoming increasingly comfortable with lobbying efforts, and there are examples where legislative changes have occurred as a result of NGO advocacy. However, these successes are limited to a small number of NGOs.

SERVICE PROVISION: 4.0

NGOs provide a range of goods and services that are responsive to community needs. Due to limited financial resources, however, NGOs can rarely provide sufficient levels of service to meet the needs of their communities. NGOs are able to offer an assortment of services to constituencies beyond their membership. These services include health care, food, and clothing for socially vulnerable groups including refugees and elderly and disabled people. However, when NGOs conduct seminars or produce publications, they tend

to be directed toward a more exclusive group—such as NGOs working on similar issues—and are not inclusive of a broader segment of the population. When NGOs provide a good or service, they rarely recover any costs. The exception is business associations.

The government recognizes that NGOs can fill gaps by providing services that it is unable to provide, nevertheless, they rarely work closely with NGOs or contract services out to them.

INFRASTRUCTURE: 6.0

Intermediary support services are funded exclusively by the international donor community. Even donor-funded ISOs, however, do not exist throughout the entire country, leaving NGOs in some regions with little support. ISOs utilize local trainers—so local training capacity exists—but NGOs do not have resources to hire trainers as needed. Occasionally, NGOs are able to form informal coalitions around specific issues, which more often than not dis-

solve soon after the issue is addressed.

NGOs' willingness to share information in order to achieve common goals has increased, but competition for limited funds stills exists. Due to all of these limitations, the infrastructure score for this year indicates little progress since the Soviet era. However, these conditions do not represent a change from last year; rather, last year's score (5.5) was overly optimistic.

PUBLIC IMAGE: 5.0

Despite limited improvements, the public image of the NGO sector remains essentially the same as last year. To a small extent, the media is able to cover NGO activities more frequently than in the past. The coverage, however, is unsubstantial—it tends to be neutral and does not promote the sector. Many stations provide air time for free or reduced cost for NGOs or other organizations, but this is also very limited because the stations devote most of their time to paid corporate advertising. Only a small segment of the population understands the role that NGOs can play in society

beyond service delivery. The government and the business communities usually maintain a neutral attitude toward NGOs. They do not feel that NGOs impede their activities, but they also do not realize the benefits of working with NGOs. Individual NGOs usually do not have a code of ethics, nor is there any sort of NGO watchdog group that could produce a general code of ethics for the sector. In general, NGOs comply with Armenian law and publish annual reports, but these are not widely distributed.